

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

RECEIVED

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MAR 14 2005

**AZ Corporation Commission
Director Of Utilities**

G-02527A
Graham County Utilities, Inc. (Gas Division)
P. O. Drawer B
Pima AZ 85543-0000

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
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FOR COMMISSION USE

ANN 02	04
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PROCESSED BY:

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>Graham County Utilities, Inc. – Gas</u>		
Mailing Address <u>PO Drawer B</u>		
<u>Pima</u> (City)	<u>Arizona</u> (State)	<u>85543</u> (Zip)
<u>(928) 485-2451</u> Telephone No. (Include Area Code)	<u>(928) 485-9491</u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)
Email Address <u>ruszb@gce.coop</u>		
Local Office Mailing Address <u>PO Drawer B</u>		
<u>Pima</u> (City)	<u>Arizona</u> (State)	<u>85543</u> (Zip)
<u>(928) 485-2451</u> Local Office Telephone No. (Include Area Code)	<u>(928) 485-9491</u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)
Email Address <u>ruszb@gce.coop</u>		

MANAGEMENT INFORMATION

Management Contact: <u>Russ Barney</u>		<u>Finance Manager</u>	
(Name)		(Title)	
<u>PO Drawer B</u> (Street)	<u>Pima</u> (City)	<u>Arizona</u> (State)	<u>85543</u> (Zip)
<u></u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address <u>ruszb@gce.coop</u>			
On Site Manager: <u>Steve Lines</u>			
(Name)			
<u>PO Drawer B</u> (Street)	<u>Pima</u> (City)	<u>Arizona</u> (State)	<u>85543</u> (Zip)
<u>(928) 485-2451</u> Telephone No. (Include Area Code)	<u>(928) 485-9491</u> Fax No. (Include Area Code)	<u>(928) 651-6024</u> Pager/Cell No. (Include Area Code)	
Email Address <u>slines@gce.coop</u>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Leven B. Ferrin
(Name)
1536 Cherokee Lane Safford Arizona 85546
(Street) (City) (State) (Zip)
(928) 428-1602
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: Michael M. Grant
(Name)
2575 East Camelback Road Phoenix Arizona 85016-9225
(Street) (City) (State) (Zip)
(602) 530-8000 (602) 530-8500
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input checked="" type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|--|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input checked="" type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

SERVICES AUTHORIZED TO PROVIDE

Check the following box/es for the services that you are authorized to provide:

☐ **Electric**

- ☐ Investor Owned Electric
- ☐ Rural Electric Cooperative
- ☐ Utility Distribution Company
- ☐ Electric Service Provider
 - ☐ Transmission Service Provider
 - ☐ Meter Service Provider
 - ☐ Meter Reading Service Provider
 - ☐ Billing and Collection
 - ☐ Ancillary Services
 - ☐ Generation Provider
 - ☐ Aggregator/Broker

☐ **Telecommunications**

- ☐ Incumbent Local Exchange Carrier
- ☐ Interexchange Carrier
- ☐ Competitive Local Exchange Carrier
- ☐ Reseller
- ☐ Alternative Operator Service Provider

☒ **Gas**

- ☒ Natural Gas
- ☐ Propane

☐ **Other (Specify)** _____

STATISTICAL INFORMATION

TELECOMMUNICATION UTILITIES ONLY

Total residential access lines	_____
Total business access lines	_____
Total revenue from Arizona operations	\$ _____
Total income from Arizona operations	\$ _____
Value of assets used to serve Arizona customers	\$ _____
Accumulated depreciation associated with those assets	\$ _____

STATISTICAL INFORMATION (CONT'D)

ELECTRIC UTILITY PROVIDERS ONLY

Total number of customers	_____
Residential	_____
Commercial	_____
Industrial	_____
Public street and highway lighting	_____
Irrigation	_____
Resale	_____
 Total kilowatt-hours sold	_____ kWh
Residential	_____
Commercial	_____
Industrial	_____
Public street and highway lighting	_____
Irrigation	_____
Resale	_____
 Maximum Peak Load	_____ MW

GAS UTILITIES ONLY

Total number of customers	_____
Residential	4,522
Commercial	240
Industrial	_____
Irrigation	6
Resale	_____
 Total therms sold	_____ therms
Residential	2,122,686
Commercial	787,781
Industrial	_____
Irrigation	43,375
Resale	_____

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

MAR 14 2005

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Graham
NAME (OWNER OR OFFICIAL) TITLE	Steve M. Lines General Manager
COMPANY NAME	Graham County Utilities, Inc - GAS

AZ Corporation
Director of Utilities

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 2,608,918

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 178,176
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

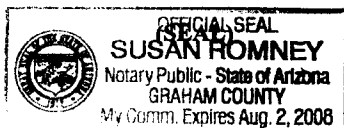
Steve M. Lines
SIGNATURE OF OWNER OR OFFICIAL
(928) 485-2451
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 10th DAY OF

COUNTY NAME	Graham
MONTH	March
	2005



MY COMMISSION EXPIRES 08/02/2008

Susan Romney
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

MAR 14 2005

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Graham	
NAME (OWNER OR OFFICIAL)	Steve M. Lines	TITLE General Manager
COMPANY NAME	Graham County Utilities, Inc. - Gas	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 1,982,349

(THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 136,270

IN SALES TAXES BILLED, OR COLLECTED

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

X Steve M. Lines
SIGNATURE OF OWNER OR OFFICIAL

(928) 485-2451

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

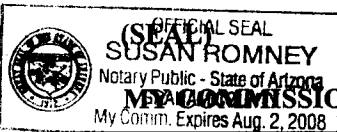
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

10th

DAY OF

NOTARY PUBLIC NAME	Susan Romney	
COUNTY NAME	GRAHAM	
MONTH	MARCH	20 05



MY COMMISSION EXPIRES

09/02/2008

X Susan Romney
SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

FINANCIAL AND STATISTICAL REPORT Round ALL AMOUNTS to nearest dollar.	GRAHAM COUNTY UTILITIES, INC. GAS SYSTEM PIMA, AZ 85543 MONTH ENDING December 31, 2004
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CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

<i>Russ Barney</i> SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT	<u>1/24/05</u> DATE
<i>Steve M. Linn</i> SIGNATURE OF MANAGER	<u>1-24-05</u> DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			DECEMBER
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	THIS MONTH (d)
1. Operating Revenue and Patronage Capital	2,472,613	2,430,743	2,446,395	364,216
2. Gas Production Expense	-	-	-	-
3. Cost of Purchased Gas	1,389,429	1,289,906	1,320,421	222,463
4. Transmission Expense	-	-	-	-
5. Distribution Expense - Operations	238,452	229,438	250,970	18,931
6. Distribution Expense - Maintenance	243,931	184,405	254,448	11,313
7. Consumer Accounts Expense	201,122	200,934	211,241	15,733
8. Customer Service and Informational Expense	-	-	-	-
9. Sales Expense	-	-	-	-
10. Administrative and General Expense	199,853	256,081	203,879	18,720
11. Total Operation & Maintenance Expense (2 - 10)	2,272,786	2,160,765	2,240,959	287,160
12. Depreciation and Amortization Expense	102,377	104,444	106,823	8,834
13. Tax Expense - Property	-	-	-	-
14. Tax Expense - Other	-	-	-	-
15. Interest on Long-Term Debt	97,279	103,318	113,337	8,919
16. Interest Charged to Construction - Credit	-	-	-	-
17. Interest Expense - Other	13,369	9,785	12,817	650
18. Other Deductions	-	-	-	-
19. Total Cost of Gas Service (11 - 18)	2,485,811	2,378,312	2,473,936	305,563
20. Patronage Capital & Operating Margins (1 - 19)	(13,198)	52,430	(27,541)	58,653
21. Non Operating Margins - Interest	725	3,748	-	478
22. Allowance for Funds Used During Construction	-	-	-	-
23. Non Operating Margins - Other	-	-	-	-
24. Generation & Transmission Capital Credits	-	-	-	-
25. Other Capital Credits and Patronage Dividends	6,709	6,581	6,709	-
26. Extraordinary Items	-	-	-	-
27. Patronage Capital or Margins (20 - 26)	(5,764)	62,759	(20,832)	59,131

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	61	63			
2. Service Retired		-	6. Miles Distribution	210	213
3. Total Services in Place	4,816	4,879			
4. Idle Services (Exclude Seasonal)	-	-	8. Total Miles (5+6+7)	210	213

FINANCIAL AND STATISTICAL REPORT	BORROWER DESIGNATION
	GAS SYSTEM
	MONTH ENDING
Round ALL AMOUNTS to nearest dollar.	December 31, 2004

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	3,261,809	26. Memberships	26,880
2. Construction Work in Progress	31,033	27. Patronage Capital	(138,693)
3. Total Utility Plant (1 + 2)	3,292,842	28. Operating Margins - Prior Years	
4. Accum. Provision for Depreciation & Amort.	1,665,896	29. Operating Margins - Current Year	52,430
5. Net Utility Plant (3 -4)	1,626,946	30. Non Operating Margins	10,329
6. Nonutility Property _ Net	-	31. Other Margins and Equities	-
7. Invest in Assoc Org - Patronage Capital	-	32. Total Margins & Equities (26 thru 31)	(49,054)
8. Invest in Assoc Org - General Funds	151,548	33. Long-Term Debt RUS (Net)	-
9. Invest in Assoc Org - Nongeneral Funds	-	(Payments - Unapplied \$ _____)	
10. Other Investments	-	34. Long-Term Debt - Other (net)	1,701,579
11. Special Funds	-	(Payments - Unapplied \$ _____)	
12. Total Other Property & Investments (6 thru 11)	151,548	35 Total Long-Term Debt(33 + 34)	1,701,579
13. Cash - General Funds	-	36. Notes Payable	-
14. Cash - Construction Funds - Trustee	-	37. Accounts Payable	615,754
15. Special Deposits	-	38. Consumers Deposits	64,605
16. Temporary Investments	-	39. Other Current & Accrued Liabilites	59,315
17. Notes Receivable - Net	-	40. Total Current & Accrued Liab (36 thru 39)	739,674
18. Accounts Receivable - Sales of Gas	253,379	41. Deferred Credits	-
19. Accounts Receivable - Fuel Bank	243,337	42. Miscellaneous Operating Reserves	-
20. Materials & Supplies - Gas & Other	64,072	43. Total Liabilities & Other Credits (32 +	-
21. Prepayments	17,864	35 + 40 thru 42)	2,392,199
22. Other Current & Accrued Assets	-	ESTIMATED CONTRIBUIONS IN AID TO CONSTRUCTION	
23. Total Current & Accrued Assets (13 thru 22)	578,652	Balance Beginning of Year	604,696
24. Deferred Debits	35,054	Amounts Received This Year (Net)	38,183
25. Total Assets & Other Debits (5+12+23+24)	2,392,199	TOTAL Contributions in Aid of Construction	642,879

PART D. CONSUMER SALES AND REVENUE DATA

CLASS OF SERVICE	THIS MONTH			YEAR TO DATE	
	NO. RECEIVING SERVICE	THERMS SOLD	AMOUNT	THERMS SOLD	AMOUNT
				CUMULATIVE	CUMULATIVE
1. RESIDENTIAL SALES	4,522	361,634	274,821	2,122,686	1,846,080
2. IRRIGATION SALES	6	127	160	43,375	23,832
3. COMM & INDUSTRIAL	240	130,414	87,195	787,781	539,441
4. TOTAL GAS SALES	4,768	492,175	362,176	2,953,842	2,409,353
5. OTHER GAS REVENUE			2,040		21,390
6. TOTAL	4,768	492,175	364,216	2,953,842	2,430,743

PART E. GAS STATISTICS

ITEM	THIS MONTH	YEAR TO DATE	ITEM	THIS MONTH	YEAR TO DATE
1. THERMS PURCHASED	571,620	2,873,450	6. OFFICE USE		
2.			7. UNACCOUNTED FOR	79,445	(80,392)
3. TOTAL PURCHASED	571,620	2,873,450	8. % SYSTEM LOSS	13.90%	-2.80%
			9. MAXIMUM DEMAND		
4. TOTAL SOLD	492,175	2,953,842	10. MONTH WHEN MAXIMUM DEMAND OCCURRED		